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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re:

JGAG ASSOCIATES, INC.
dba BLASCO HVAC SUPPLY, INC.,

Chapter 11
Case No. 10- 41744

Debtor.

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DECLARATION OF ANTHONY GAETA PURSUANT TO LOCAL RULE 1007-4

ANTHONY GAETA, being duly sworn, deposes and says:

1. I am the President and a shareholder of JGAG Associates, Inc. d/b/a Blasco HVAC Supply, Inc., (the "Debtor"), and I submit this affidavit pursuant to Rule 1007-4 of the Local Rules for the United States Bankruptcy Court for the Eastern District of New York.

BACKGROUND

2. The Debtor is a wholesale HVAC company located at 60-21 Flushing Avenue, Maspeth, Queens and has been in business for approximately sixty (60) years. The Debtor's customer base is primarily comprised of mechanical contractors ranging from solo operators to large scale companies with a fleet of contractor trucks.

3. In or about 2006, Deponent along with Jonathan Gart, the Debtor's Chief Executive Officer, both well accomplished and successful HVAC salesmen in the industry, purchased the

Debtor from the Blasco family who had opened the company since its inception. At that time, the Debtor had a second location in Bronx, New York. Following the purchase of the Debtor, under the new ownership, sales for the Debtor grew from \$5 million to \$7 million dollars a year.

4. In 2007, in response to the Debtor's growth and success, the Debtor's management decided to expand into the long island market and a branch was opened in Mineola, New York.

5. Just as the new Long Island branch was about to being showing profits, the economy turned and with it, the real estate market began its downward spiral. This immediately resulted in a severe drop in the Debtor's cash flow as all pending and planed major commercial and residential HVAC projects froze and with that, the Debtor's cash flow as well.

6. In response to the dramatic reduction in business and upon the ultimate realization that the economy was not likely to quickly rebound, the Debtor made significant cuts in its overhead wherever possible. It closed both the Bronx and Long Island branches. It laid off the majority of its workforce and is currently operating on a skeletal staff of four employees from almost twenty in the Queens location alone. The Debtor is currently in the process of taking certain of its trucks "off the road" in order to save on insurance expense and maintenance for the vehicles. The Debtor's two principals, both of whom are responsible for substantially all of the Debtor's sales in addition to its day-to-day operations, have not only gone months without taking salary but have loaned the company over \$60,000 in an attempt to keep up with payments to the Debtor's creditors.

7. The Debtor's immediate situation necessitates a bankruptcy filing as many of the Debtor's creditors have sued and obtained judgments which they have been aggressively enforcing against the Debtor and its assets. This has forced the Debtor's principals to turn their attention away from the business and its recovery, and instead they have spent almost their entire

work day dealing with lawyers, marshalls, credit officers, etc. As the principals are the primary salesmen for the Debtor, this has crippled the Debtor's ability to recover from these losses.

8. The Debtor intends to utilize the bankruptcy process in order to restructure and reorganize its affairs. To the extent possible, alleviating a large portion of the Debtor's liabilities through chapter 11 would give it the fresh start it needs to thrive in a less robust economy. The Debtor believes that the bankruptcy process will give it breathing room from its creditors so that focus can be placed on increasing sales and with the help of counsel, restructuring its affairs so as to propose a plan of reorganization that it is in the best interests of its creditors and affords them the greatest recovery possible.

9. The needs and interests of the Debtor's creditors will best be served by the continued possession of its property and management of its affairs as debtor-in-possession under Chapter 11 until confirmation of a reorganization plan.

INFORMATION REQUIRED BY LOCAL BANKRUPTCY RULE 1007

10. In addition to the foregoing, Local Bankruptcy Rule 1007-4 requires certain information related to the Debtor, which is set forth below.

Local Rule 1007-4(a)(i)

11. The Debtor is a small business debtor within the meaning of 11 U.S.C. §101(51D).

Local Rule 1007-4(a)(ii)

12. The Debtor is a wholesale supplier of heating, ventilation and air conditioning products and as set forth more fully herein, it requires the protections of Chapter 11 bankruptcy due to its reduced sales and thus cash flow which has rendered it unable to pay its obligations as they come due.

Local Rule 1007-4(a)(iii) and (iv)

13. This case was not originally commenced under Chapter 7 or 13 of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq., as amended by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005. Upon information and belief, no committee or professionals were employed prior to the filing of the Order for relief.

Local Rule 1007-4(a)(v)

14. A list of the holders of the 20 largest general unsecured claims, excluding insiders, is annexed hereto as Exhibit "A".

Local Rule 1007-4(a)(vi)

15. A list of the names and addresses of the five largest secured creditors is annexed hereto as Exhibit "B".

Local Rule 1007-4(a)(vii)

16. A summary of the Debtor's assets and liabilities is annexed hereto as Exhibit "C" and is also submitted pursuant to the requirements of a small business debtor as set forth in 11 U.S.C. §1116.

Local Rule 1007-4(a)(viii)

17. There are no publicly held securities of the Debtor.

Local Rule 1007-4(a)(ix)

18. None of the Debtor's property is in the possession of any custodian, public officer, mortgagee, pledge, assignee of rents, or secured creditor, or any agent for such entity.

Local Rule 1007-4(a)(x) and (xi)

19. The Debtor leases office and warehouse located at 60-21 Flushing Blvd, Maspeth, New York, pursuant to a written triple net lease agreement. It is at this location that all of the

Debtor's assets as well as its books and records are located.

Local Rule 1007-4(a)(xi)

20. The following actions or proceedings are pending against the Debtor:

- *Quietside Corp. v. Blasco HVAC Supply, Inc.*, New York State Supreme Court, Kings County, Index No. 26860/09;
- *Continental Industries, Inc. v. JGAG Associates, Inc.*, Civil Court of the City of New York, Queens County, Index No. 86715/09;
- *Yellow Transportation, Inc. v. Blasco Supply, Inc.*, Civil Court of the City of New York, Bronx County, Index No. CV-17648/09;
- *Bard Manufacturing Company v. Blasco Supply Inc.*, Civil Court of the City of New York, Kings County, Index No. 5317/10;
- *G.A. Fleet Associates, Inc. v. JGAG Associates, Inc.*, Civil Court of the City of New York, Queens County, Index No. 92406/09;
- *American/ Universal Supply Inc. v. Blasco Supply Inc.*, New York State Supreme Court, County of Queens, Index No. 10222-08;
- *RG Adding, LLC v. Blasco Supply, Inc.*, New York State Supreme Court, Queens County, Index No. 30415-08; and
- *The Weeks Lerman Group, LLC v. JGAG Associates*, Civil Court of the City of New York, Queens County, Index No. 117393.

Local Rule 1007-4(a)(xii)

21. The Debtor's senior management includes:

- Jonathan Gart, Chief Executive Officer.
- Anthony Gaeta, President.

Local Rule 1007-4(a)(xiv) and (xv)

22. The Debtor's estimated payroll to employees for the thirty (30) day period following the Chapter 11 petition is \$7,942.00.

23. The Debtor's estimated payroll and payments to officers and directors for the thirty (30) day period following the Chapter 11 petition is \$18,400.00.

Local Rule 1007-4(xvi)

24. A 30-day budget is annexed hereto as Exhibit “D” and is also submitted pursuant to the requirements of a small business debtor as set forth in 11 U.S.C. §1116.

CONCLUSION

Pursuant to 28 U.S.C. § 1746, I declare under the penalty of perjury that the foregoing is true and correct.

By: /s/ Anthony Gaeta
Anthony Gaeta, President

EXHIBIT "A"

Twenty (20) Largest Unsecured Creditors

See Attached.

United States Bankruptcy Court
Eastern District of New York

In re **JGAG Associates, Inc.**

Debtor(s)

Case No. **1-10-41744**Chapter **11**

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

Following is the list of the debtor's creditors holding the 20 largest unsecured claims. The list is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in this chapter 11 [or chapter 9] case. The list does not include (1) persons who come within the definition of "insider" set forth in 11 U.S.C. § 101, or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims. If a minor child is one of the creditors holding the 20 largest unsecured claims, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

(1) <i>Name of creditor and complete mailing address including zip code</i>	(2) <i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	(3) <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	(4) <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	(5) <i>Amount of claim [if secured, also state value of security]</i>
Blasco Supply, Inc. 180 Sunset Hill Road New Canaan, CT 06840	Blasco Supply, Inc. 180 Sunset Hill Road New Canaan, CT 06840			482,415.00
NYS Dept. of Tax & Fin Bankruptcy/Special Proceed P.O. Box 5300 Albany, NY 12205-0300	NYS Dept. of Tax & Fin Bankruptcy/Special Proceed P.O. Box 5300 Albany, NY 12205-0300			145,000.00
M&T Card	M&T Card			122,324.48
Quietside Corp. 8750 Pioneer Blvd. Santa Fe Springs, CA 90670	Quietside Corp. 8750 Pioneer Blvd. Santa Fe Springs, CA 90670			60,000.00
Pepper Hamilton, LLP 620 8th Avenue 37th Floor New York, NY 10018	Pepper Hamilton, LLP 620 8th Avenue 37th Floor New York, NY 10018			40,000.00
Bartolomei Pucciarelli 2564 Brunswick Pike Lawrence Township, NJ 08648	Bartolomei Pucciarelli 2564 Brunswick Pike Lawrence Township, NJ 08648			38,000.00
Evapco, Inc. P.O. Box 1300 Westminster, MD 21158	Evapco, Inc. P.O. Box 1300 Westminster, MD 21158			35,000.00
Morley Associates 146 Cedar Street Branford, CT 06405	Morley Associates 146 Cedar Street Branford, CT 06405		Disputed	28,355.94
USA Coil & Air Inc. P.O. Box 578 Devault, PA 19432	USA Coil & Air Inc. P.O. Box 578 Devault, PA 19432			25,558.98
Armacell P.O. Box 751868 Charlotte, NC 28275	Armacell P.O. Box 751868 Charlotte, NC 28275			25,000.00
American/Universal Supply 199 Ridgewood Drive Elmsford, NY 10523	American/Universal Supply 199 Ridgewood Drive Elmsford, NY 10523			19,797.06

Debtor(s)

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS
(Continuation Sheet)

(1) <i>Name of creditor and complete mailing address including zip code</i>	(2) <i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	(3) <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	(4) <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	(5) <i>Amount of claim [if secured, also state value of security]</i>
First Co. P.O.Box 270969 Dallas, TX 77527	First Co. P.O.Box 270969 Dallas, TX 77527			19,502.32
RG Adding, LLC 7050 Overland Rd. Orlando, FL 32810	RG Adding, LLC 7050 Overland Rd. Orlando, FL 32810			19,414.14
CERRO Flow Products P.O. Box 98168 Chicago, IL 60693	CERRO Flow Products P.O. Box 98168 Chicago, IL 60693			19,347.25
ICE-Aire 80 Hartford Ave. Mount Vernon, NY 10553	ICE-Aire 80 Hartford Ave. Mount Vernon, NY 10553			18,050.00
Witt/Pomona Air P.O. Box 73959 Chicago, IL 60673	Witt/Pomona Air P.O. Box 73959 Chicago, IL 60673			17,452.02
Activant Wholesale Dist. Group 8 Two Mile Road Suite 101 Farmington, CT 06032	Activant Wholesale Dist. Group 8 Two Mile Road Farmington, CT 06032			14,754.27
Mestek Inc. Sterling Division PO Box 41594 Boston, MA 02241	Mestek Inc. Sterling Division PO Box 41594 Boston, MA 02241			14,000.00
G.A. Fleet Associates, Inc. 555 Calvert Street Harrison, NY 10528	G.A. Fleet Associates, Inc. 555 Calvert Street Harrison, NY 10528			11,000.00
Parker Hannifin Corp. 7868 Collections Center Drive Chicago, IL 60693	Parker Hannifin Corp. 7868 Collections Center Drive Chicago, IL 60693			10,811.00

**DECLARATION UNDER PENALTY OF PERJURY
ON BEHALF OF A CORPORATION OR PARTNERSHIP**

I, the President of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing list and that it is true and correct to the best of my information and belief.

Date **March 3, 2010**

Signature **/s/ Anthony Gaeta**
Anthony Gaeta
President

Penalty for making a false statement or concealing property: Fine of up to \$500,000 or imprisonment for up to 5 years or both.
18 U.S.C. §§ 152 and 3571.

EXHIBIT “B”

Five (5) Largest Secured Creditors

See Attached.

* Estimated approximate amount subject to further determination.

In re **JGAG Associates, Inc.**Case No. **1-10-41744**

Debtor

SCHEDULE D - CREDITORS HOLDING SECURED CLAIMS

State the name, mailing address, including zip code, and last four digits of any account number of all entities holding claims secured by property of the debtor as of the date of filing of the petition. The complete account number of any account the debtor has with the creditor is useful to the trustee and the creditor and may be provided if the debtor chooses to do so. List creditors holding all types of secured interests such as judgment liens, garnishments, statutory liens, mortgages, deeds of trust, and other security interests.

List creditors in alphabetical order to the extent practicable. If a minor child is a creditor, the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See, 11 U.S.C. §112 and Fed. R. Bankr. P. 1007(m). If all secured creditors will not fit on this page, use the continuation sheet provided.

If any entity other than a spouse in a joint case may be jointly liable on a claim, place an "X" in the column labeled "Codebtor", include the entity on the appropriate schedule of creditors, and complete Schedule H - Codebtors. If a joint petition is filed, state whether the husband, wife, both of them, or the marital community may be liable on each claim by placing an "H", "W", "J", or "C" in the column labeled "Husband, Wife, Joint, or Community".

If the claim is contingent, place an "X" in the column labeled "Contingent". If the claim is unliquidated, place an "X" in the column labeled "Unliquidated". If the claim is disputed, place an "X" in the column labeled "Disputed". (You may need to place an "X" in more than one of these three columns.)

Total the columns labeled "Amount of Claim Without Deducting Value of Collateral" and "Unsecured Portion, if Any" in the boxes labeled "Total(s)" on the last sheet of the completed schedule. Report the total from the column labeled "Amount of Claim" also on the Summary of Schedules and, if the debtor is an individual with primarily consumer debts, report the total from the column labeled "Unsecured Portion" on the Statistical Summary of Certain Liabilities and Related Data.

☐ Check this box if debtor has no creditors holding secured claims to report on this Schedule D.

CREDITOR'S NAME AND MAILING ADDRESS INCLUDING ZIP CODE, AND ACCOUNT NUMBER (See instructions above.)	C O D E B T O R	H U S B A N D W I F E J O I N T C O M M U N I T Y	D A T E C L A I M W A S I N C U R R E D, N A T U R E O F L I E N, A N D D E S C R I P T I O N A N D V A L U E O F P R O P E R T Y S U B J E C T T O L I E N	C O N T I N G E N T	U N L I Q U I D A T E D	D I S P U T E D	A M O U N T O F C L A I M W I T H O U T D E D U C T I N G V A L U E O F C O L L A T E R A L	U N S E C U R E D P O R T I O N, I F A N Y
Account No.			Finance Agreement					
Chase Auto Finance P.O. Box 78067 Phoenix, AZ 85062		-	2006 BMW					
			Value \$ 0.00				53,980.11	53,980.11
Account No.			UCC-1 PMSI Inventory Only					
Internat. Comfort Products 21630 Network Place Chicago, IL 60673		-	Various					
			Value \$ 0.00				367,871.85	367,871.85
Account No. xx-xxxx380-6			UCC-1					
M&T Bank 350 Park Avenue New York, NY 10022		-	Various					
			Value \$ 0.00				450,000.00	450,000.00
Account No. xxxxxx1596			Finance Agreement					
Mercedes Benz Financial P.O. Box 685 Roanoke, TX 76262		-	2008 Mercedes					
			Value \$ 0.00				81,359.34	81,359.34
Subtotal (Total of this page)							953,211.30	953,211.30
Total (Report on Summary of Schedules)							953,211.30	953,211.30

0 continuation sheets attached

EXHIBIT “C”

Balance Sheet

To be provided.

EXHIBIT "D"

30 Day Budget

See Attached.

30 DAY BUDGET

INCOME		\$60,000.00
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EXPENSES	Phones: Office & Cell	\$1,620.00
	Con ED	\$982.00
	National Grid Gas	\$900.00
	Insurance	\$5,000.00
	HealthCare	\$3,300.00
	Employee Salary Net	\$7,942.00
	Principal Salary	\$18,400.00
	M&T Commercial LOC	\$1,600.00
	Gas & Tolls	\$1,200.00
	Garbage Removal	\$300.00
	Rent	\$10,000.00
	Alarm	\$100.00
	Auto/Truck	\$3,200.00
	Copiers	\$800.00
	Office Expense General	\$500.00
	Postage	\$250.00
	Payroll Expense	\$50.00
	Misc	\$200.00
		\$56,344.00